

Legislation Text

File #: BILL NO. 22-139, **Version:** 1

An Ordinance Approving the Paragon Star Village Garage Land Clearance for Redevelopment Authority (LCRA) Redevelopment Plan

(Note: First read by Council on July 12, 2022. Passed by unanimous vote with one recusal.)

Issue/Request:

This is an ordinance to approve the Paragon Star Village Garage LCRA Redevelopment Plan, which would provide Real Property Tax Abatement for the Parking Garage to be constructed for the project by Paragon Star, LLC (“Developer”).

Key Issues:

Ordinance to approve the LCRA Redevelopment Plan for the Garage.

Council Motion:

I move for second reading of An Ordinance Approving the Paragon Star Village Garage Land Clearance for Redevelopment Authority (LCRA) Redevelopment Plan

Background:

Paragon Star Incentive History

The City approved the original Paragon Star Tax Increment Financing (TIF) Plan through the adoption of Ordinance No. 7833 on March 10, 2016. The City approved the First Amendment to the TIF Plan through the adoption of Ordinance No. 8946 on September 8, 2020. The City and Paragon Star, LLC (the “Developer”) executed the Amended and Restated TIF Contract on September 8, 2020 (the “TIF Contract”).

The City Council has also approved other incentives for the Project. The City Council approved the I-470 and View High Community Improvement District (“CID”) through the adoption of Ordinance No. 7762 on December 3, 2015. The City Council approved Paragon Star Neighborhood Improvement District (“NID”) through the adoption of Ordinance No. 9234 on September 7, 2021 for the purpose of providing credit enhancement for the issuance of revenue bonds for the project. The City has adopted numerous other ordinances in connection with the incentives for the project, what are itemized in the attached ordinances and resolutions log for the project.

The Western Gateway Transportation Development District (“TDD”) was approved by the Jackson County Circuit Court on May 24, 2018. The TDD issued the Transportation District Sales Tax Bonds in February 2019 in the total amount of approximately \$31,773,000 which are funding the road improvements, bridges and the interchange improvements.

New Incentive Request

The Developer is requesting that the City approve a Redevelopment Plan through the Land Clearance for Redevelopment Authority (LCRA) to provide real property tax abatement for 25 years for the Parking Garage. The Parking Garage is planned to be constructed in the North Village, which will serve the Apartments and which will also provide public parking for patrons of the commercial development. The projected cost of the Parking Garage is \$10,500,000 and is planned to have 513 parking spaces.

LCRA Proceedings

The LCRA Board of Commissioners held a public hearing on June 22, 2022 and adopted a resolution recommending approval of the Garage LCRA Plan.

Impact/Analysis:

The Parking Garage is part of the TIF Redevelopment Project Area. All of the property tax revenues that will be generated by the project are already pledged under the TIF Plan to fund reimbursable project costs that are currently being funded by the Developer. As such, the City and the other taxing districts would not be receiving any property tax revenues that are generated by the project. Therefore, the property tax abatement request for the garage does not present a negative impact to the City because it does not result in any lost tax revenues for the City, it only results in incrementally less TIF revenues for the Developer.

In addition, Jackson County staff has indicated that the County may be considering a change in their taxation policy regarding the property tax treatment of parking garages. The County has preliminarily indicated a willingness to effectively assign the value of a parking garage to the developed property that is served by the parking garage. If this happens, then Jackson County would be assigning a nominal amount of land value to the actual parking garage, and instead assign most of the parking garage value to the adjacent apartment and commercial property that is served by the parking garage. This means that the tax abatement request presents little to no tax impact to the overall project, in addition to the fact any abated property taxes simply means incrementally less TIF revenues to reimburse the Developer.

A public ownership structure also will maximize the tax-exempt series of bonds that may be issued by the City Council at a later date to fund or reimburse developer for the garage construction costs. Maximizing the size of the tax-exempt bond series is advantageous to the City and Developer because it lowers overall all interest costs and increases the size of the project funds which is available for construction costs.

Timeline:

The garage construction is expected to commence this year.

William Brown, Paragon Star, LLC

Christine Bushyhead, Bushyhead Law Firm

Mark Dunning, Assistant City Manager

David Bushek, Chief Counsel of Economic Development and Planning

The LCRA Board of Commissioners approved a resolution that recommended approval of the Garage LCRA Plan to the City Council.